

# DFAS Service Day ASMC PDI - 2000



Philadelphia, Pennsylvania

# **DFAS Benchmarking**

Susan Grant

# DFAS Vision

- World Class provider of finance and accounting services, with a strong Corporate identity
- Trusted, innovative financial advisor
- Employer of choice, providing a progressive and professional working environment
- Competitive, best value to customers



World Class  
Benchmarking

# What is Benchmarking?

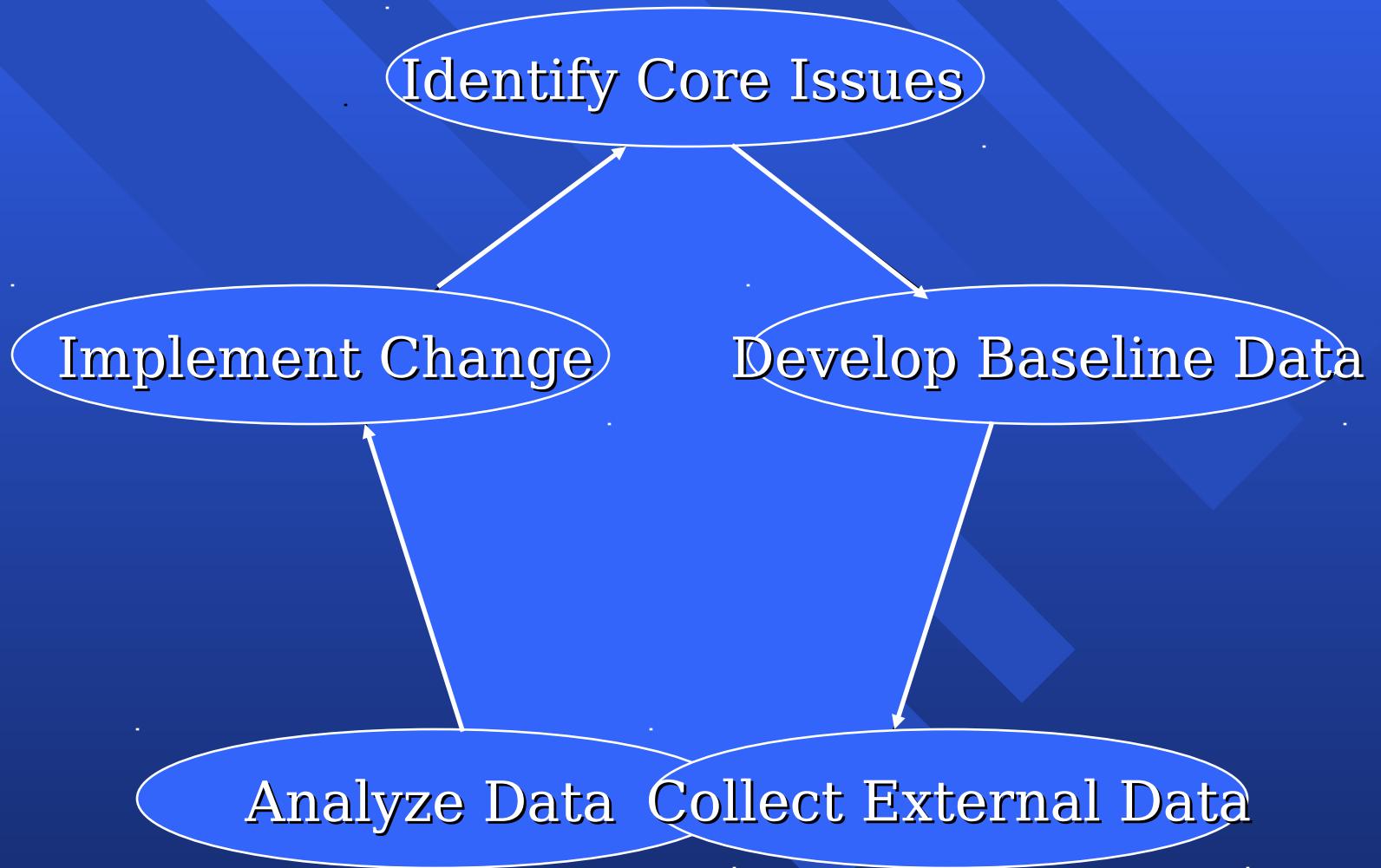
Merriam Webster's Dictionary definition – the study of a competitor's product or business practices in order to improve the performance of one's own company.

Benchmarking enables the breakthrough of operational improvements by identifying, adopting, and deploying the best practices of world-class organizations

# Types of Benchmarking

- Internal - comparison of processes within the same organization
- Competitive - comparison of one organization's processes to those of direct competitors
- Functional - comparison of similar processes with companies in other industries
- Generic - study of innovative methods or technologies that can be used in a variety of business processes

# Benchmarking Process



***Benchmarking is a continuous process that involves several steps:***

# Benchmarking Techniques

- Activity Based Costing (ABC)
- Competitive Sourcing (A-76)
- Business Process Reengineering and Best Practices

# Activity Based Costing

- ABC study – a set of management information and accounting methods used to identify, describe, assign costs to, and report on the operations in an organization
  - Focus process improvement efforts on the high cost activities
  - Continue efforts to improve information technology systems interfaces and reduce the number of systems
  - Update data to better manage costs and measure the resource savings gained from process improvements
- DFAS conducted ABC studies on:
  - Accounting
  - Government Purchase Card
  - Transportation
- DFAS is currently conducting an ABC study

# A-76 Studies

- A-76 study - using benefits of competition between government and private sector to determine most efficient and cost effective means
  - STEP 1: Develop a comprehensive performance based solicitation and determine private sector interest
  - STEP 2: Solicit private sector and Government proposals
  - STEP 3: Perform Cost Comparison -- Private Sector vs. Government Proposal
- Current DFAS projects
  - Civilian Pay
  - Retired and Annuitant Pay
  - Security Assistance Accounting

# A-76 Results to Date

<b>A-76 STUDIES</b>	<b>WORKYEARS STUDIED SAVED</b>			<b>DOLLAR SAVINGS SAVINGS BEGIN</b>	
Completed					
Fac., Log & Admin	279	92	33%	\$4.0M	FY 98
DeCA Vendor Pay	240	165	69%	\$10.1M	FY 98
Debt & Claims	494	191	39%	\$ 8.5M	FY 99
DeCA Accounting	84	23	27%	\$1.5M	FY 00
Trans Accounting	89	31	35%	\$2.3M	FY 00
Depot Maintenance Accounting	133	34	26%	\$2.2M	FY 00
<b>Subtotal:</b>	<b>1,319</b>	<b>536</b>	<b>41%</b>	<b>\$28.6M</b>	
In Process					
Retired Annuitant Pay	650	162		\$ 8.2M	FY 02
Civilian Pay	500	126		\$10.3M	FY 02
Sec. Assistant Accounting	402	101		\$ 7.6M	FY 02
<b>Subtotal:</b>	<b>1,552</b>	<b>389</b>		<b>\$26.1M</b>	
<b>TOTAL:</b>	<b>2,871</b>	<b>925</b>	<b>32%</b>	<b>\$54.7M</b>	

# Business Process Reengineering

- Business Process Reengineering (BPR)
  - a set of methods used to gain radical improvements in processes, as measured by cost, cycle time, service, and quality
- DFAS conducted a Military Pay BPR

# Best Practices

- Best Practice – a practice, method, or process may be deemed a best practice when it:
  - Produces superior results (output that exceeds normal by 25% or more)
  - Is an innovative use of manpower or technology
  - Is cited by at least three published sources as a best practice
  - Has received an external award
  - Is recognized as such by customers
  - Is recognized as such by an industry expert
  - Has been patented by the organization using the practice
  - It leads to exceptional performance
- DFAS conducted a Travel Internal Best

# Benefits of Benchmarking

- Successful benchmarking:
  - Identifies targets for breakthrough improvements
  - Enhances Agency self-image
  - Encourages a new view of operations (in terms of additional breakthrough improvements)
- DFAS has conducted an Agency-wide Benchmarking study